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OFFICE OF ANTICORRUPTION AND INTEGRITY

ANTICORRUPTION SEMINAR FOR EXECUTING AND IMPLEMENTING AGENCIES

iACT to fight corruption!



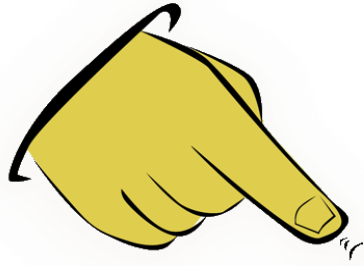
Main Objectives

- ❖ **Increase understanding and compliance** with ADB's Anticorruption Policy
- ❖ **Raise awareness** of potential irregularities in procurement and contract implementation
- ❖ **Improve skills** in detecting and preventing integrity irregularities

Presentation Structure

1. Why are we here?
 2. What is fraud and corruption?
 3. Where is there fraud and corruption?
 4. How do we detect fraud and corruption ?
 5. How can you ACT?
- Case Studies**

OAI's Role and Responsibilities



Initial contact for allegations of integrity violations



Undertake Project Procurement-Related Review (PPRRs)

Investigate allegations of fraud and corruption



Promote awareness of Anticorruption Policy

Integrity Due Diligence



Asian Development Bank

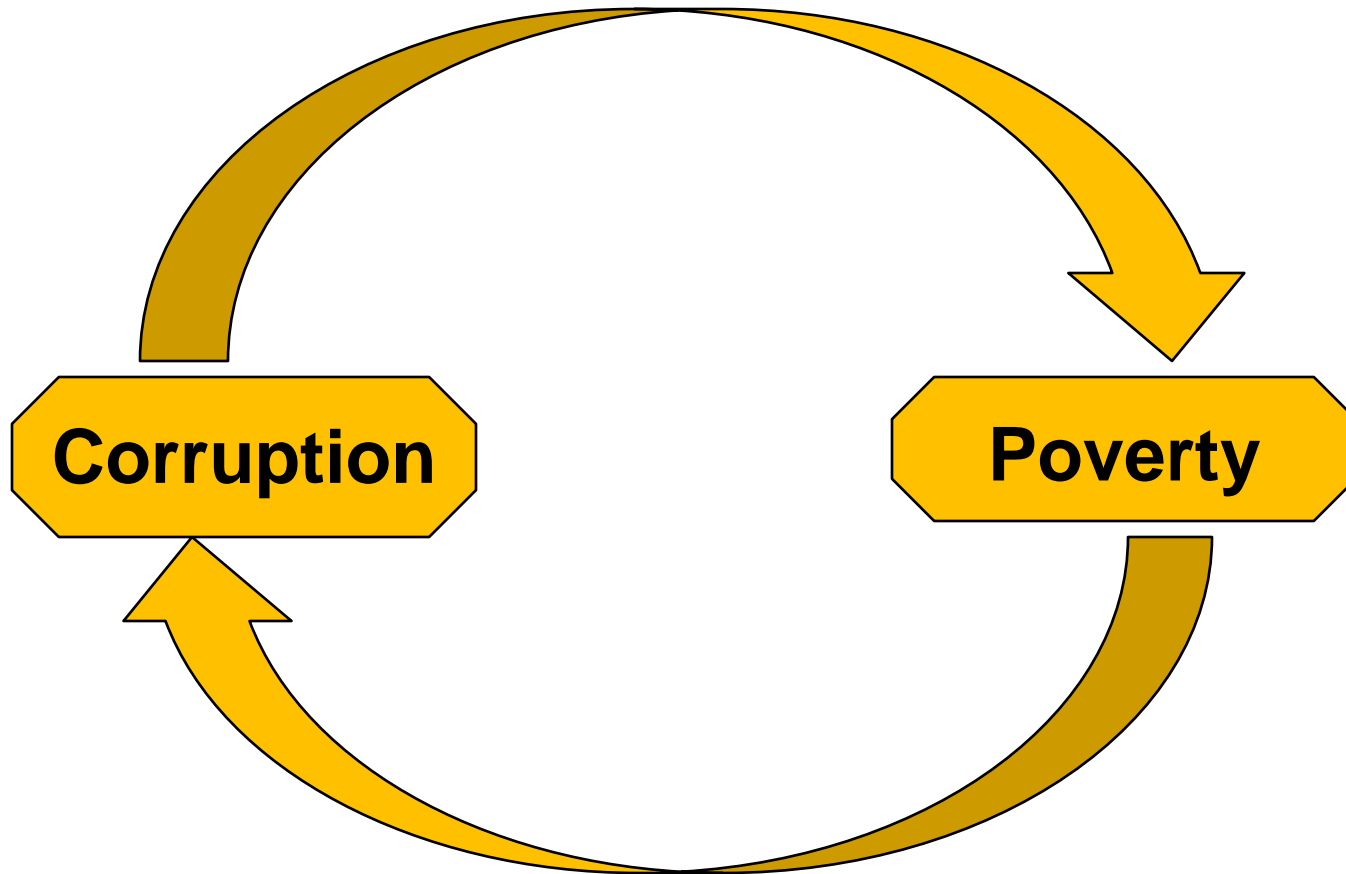


An Asia and Pacific region
free of poverty.



To help its developing member
countries reduce poverty and
improve the quality of life of
their people.

Vicious Circle



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Bribery Hurts Development

% of population who paid a bribe in the past year**

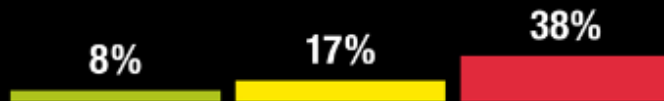
■ less than 30%
 ■ 30% - 60%
 ■ more than 60%

GOAL: END POVERTY

PEOPLE LIVING IN POVERTY



Percentage of the population living below US\$1 a day (PPP) (2009/2010)

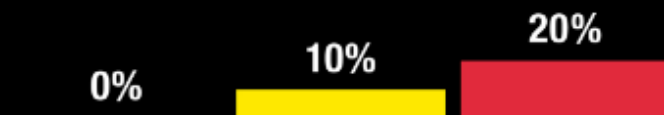


GOAL: GENDER EQUALITY

GIRLS MISSING OUT ON EDUCATION



Percentage of girls missing secondary education, as compared to boys



GOAL: MATERNAL HEALTH

WOMEN DYING IN CHILD BIRTH



Average maternal mortality rate per 100,000 live births in 2010

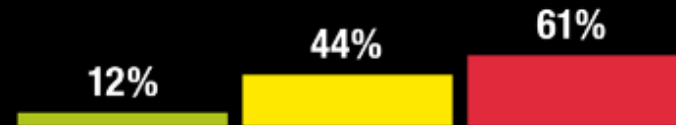


GOAL: ENVIRONMENT, WATER AND SANITATION

PEOPLE WITHOUT ACCESS TO TOILETS



Percentage of the population using an improved sanitation facility (2011)

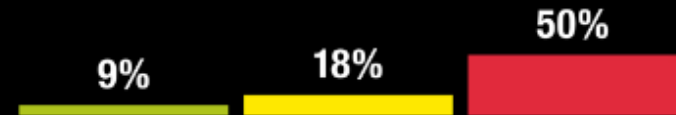


GOAL: EDUCATION

CHILDREN NOT FINISHING SCHOOL



Percentage of pupils starting grade 1 who do not reach last grade of primary school (2010/2011)



GOAL: CHILD HEALTH

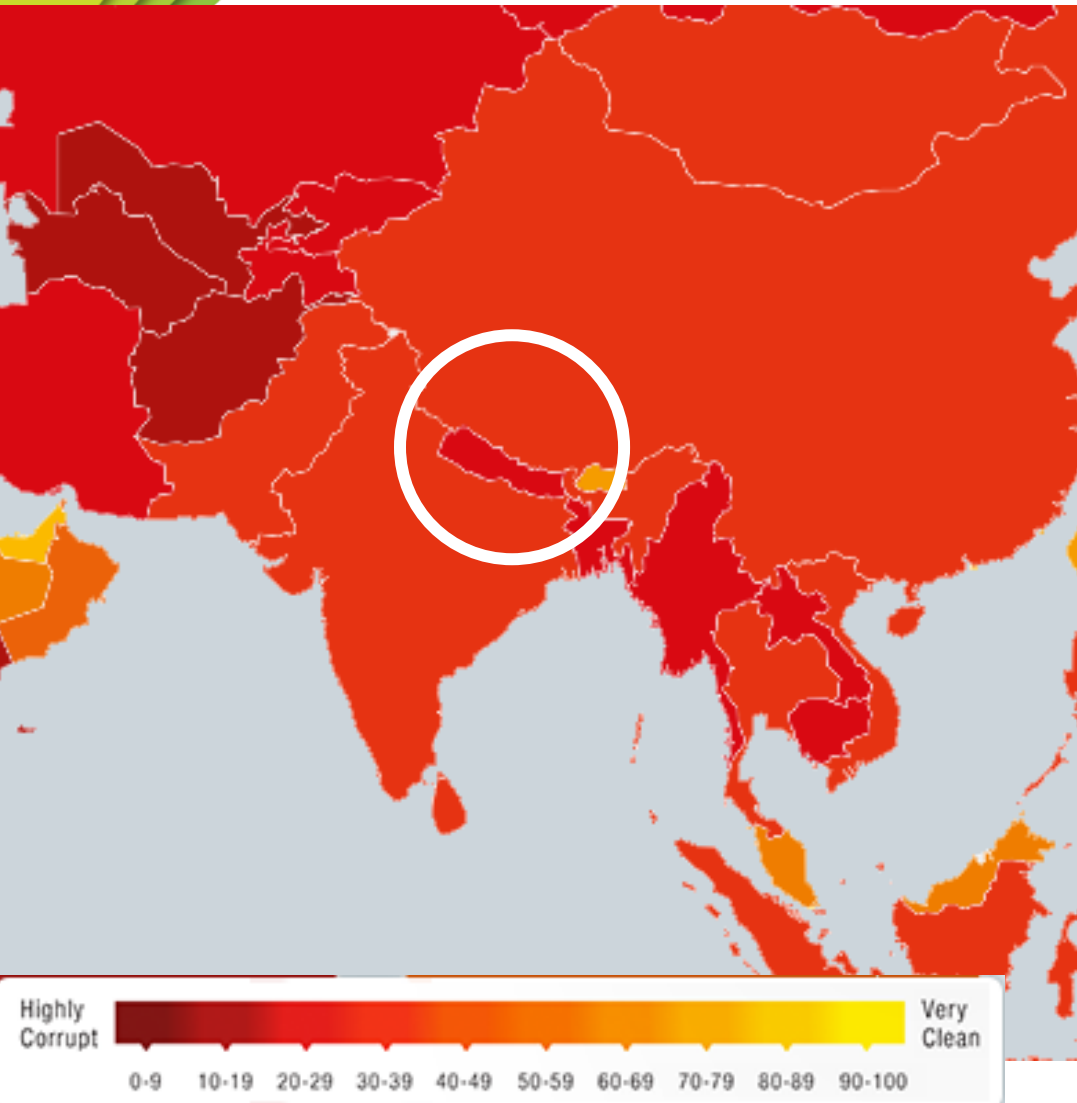
CHILDREN NOT LIVING PAST FIVE



Number of children not living past five years of age per 1,000 live births



Transparency International Corruption Perceptions Index 2015 and ADB Poverty Ratings



<u>Country</u>	<u>CPI Rank</u>	<u>Population below Poverty Line</u>
Denmark	1	
United Kingdom	10	
United States	16	
India	76	21.9%
Thailand	76	10.9%
PR China	83	7.2%
Pakistan	117	12.4%
Nepal	130	25.2%
Lao	139	23.2%
Bangladesh	139	31.5%
Myanmar	147	25.6%
Uzbekistan	153	13.7%
Turkmenistan	154	
Afghanistan	166	39.1%

Why are we here?

Summary

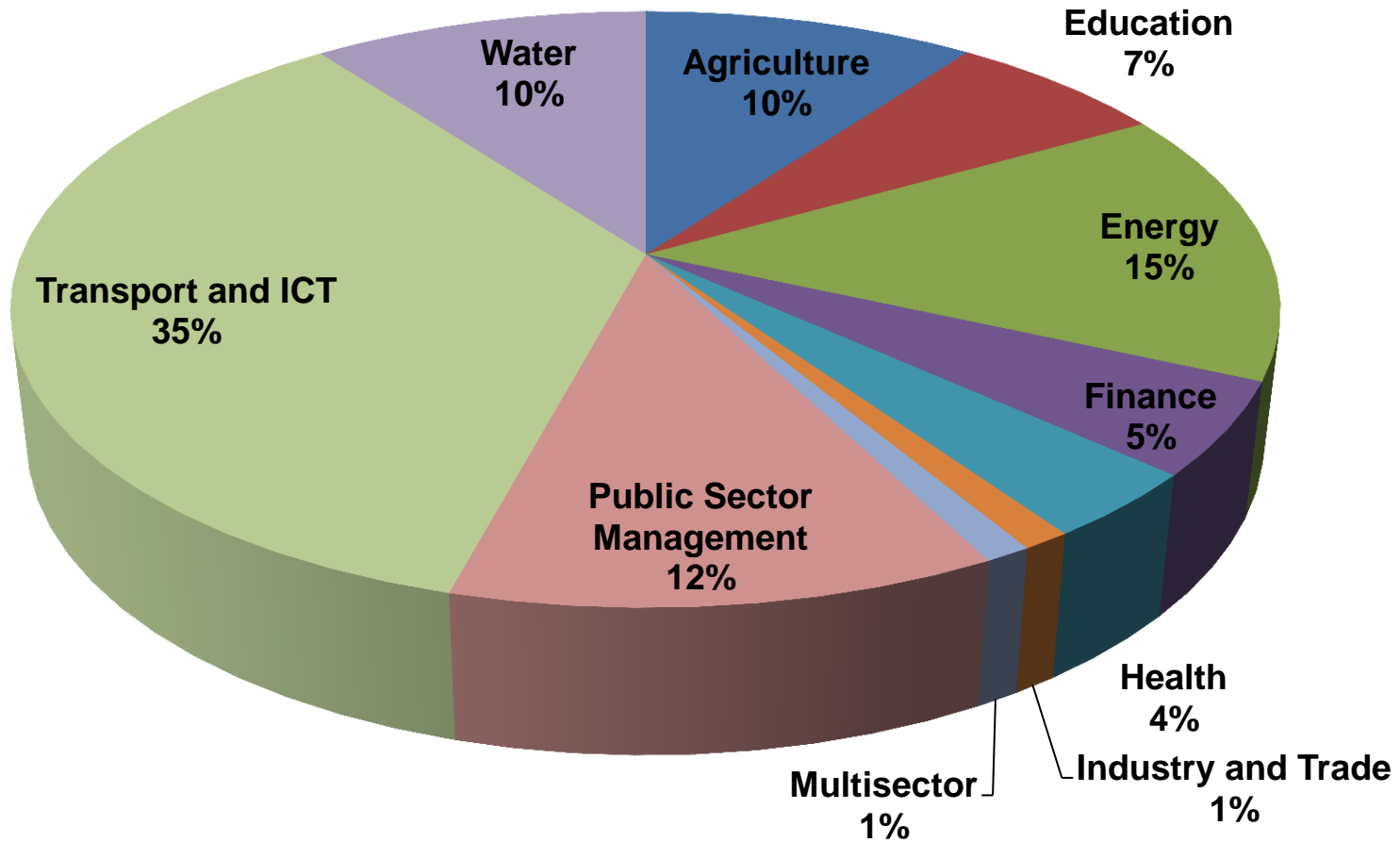
- ❖ Fraud and corruption result in incomplete, sub-standard, or undelivered project outputs
- ❖ Corruption is linked to failure of public service delivery, and human underdevelopment



1. Why are we here?

2. What is fraud and corruption?

ADB Sovereign Lending and Grants Financing (1968-2016)



> \$220 billion
iACT to fight corruption!



ADB's Anticorruption Policy



Applies to **executing and implementing agencies**, contractors, consultants, suppliers, ADB staff, and anyone connected to an ADB-financed, -administered or –supported activity.

ADB's Anticorruption Policy

- ❖ Procurement Guidelines (Para 1.14)
- ❖ Guidelines on Use of Consultants (Para 1.23)
- ❖ Loan and Grant Agreements
- ❖ Standard Bidding Documents (Section 1, Clause 3, 4)
- ❖ Contracts
- ❖ Prequalification Documents
- ❖ Project Administration Instructions
- ❖ Request for Proposals

Integrity Violations

Misconduct



Corruption



Fraud

*Conflict
of Interest*

Coercion



Collusion



*Obstructive
Practice*

Abuse

MDB harmonized definitions

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Corruption



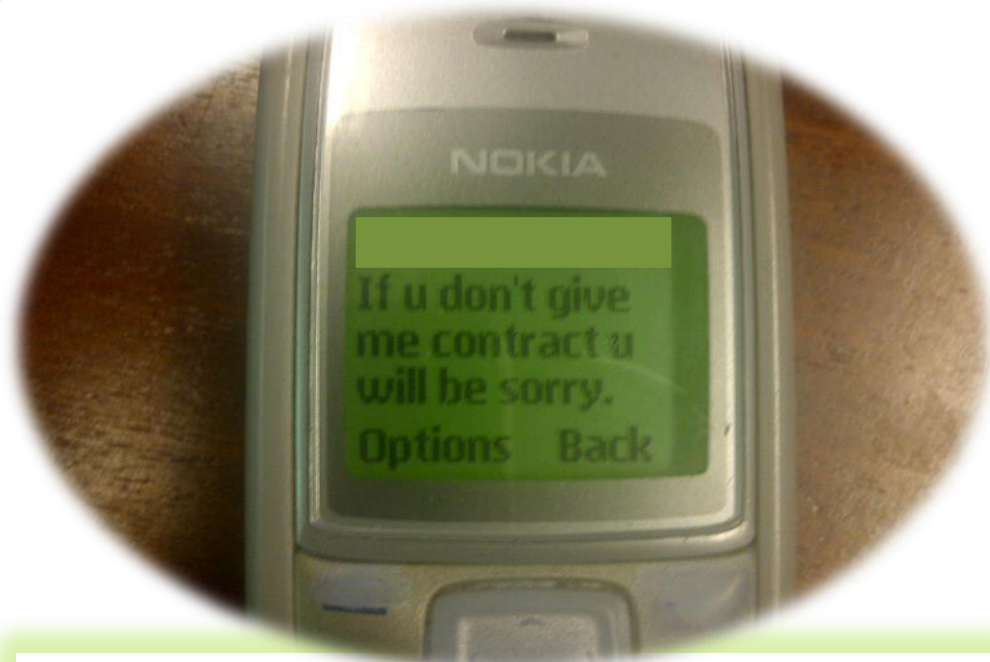
- ❖ **Bribery**
- ❖ **Kickbacks**

Fraud



- ❖ **False claims**
- ❖ **Forged records**
- ❖ **Misrepresentation**
- ❖ **Failure to disclose information**

Coercion



“If u don’t give me contract u will be sorry.”

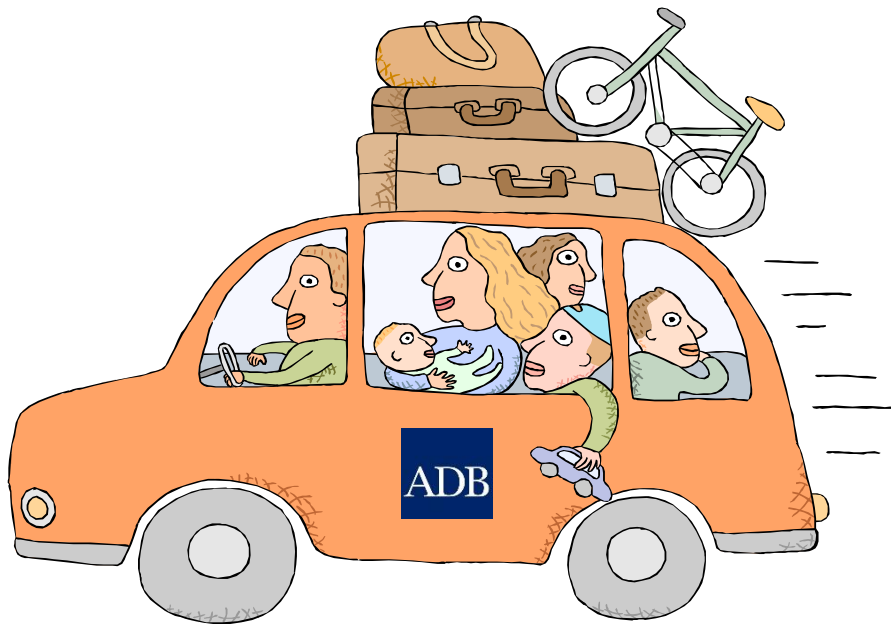
- ❖ **Blackmail**
- ❖ **Extortion**
- ❖ **Threat**
- ❖ **Torture**

Collusion



- ❖ **Pre-negotiation of award**
- ❖ **Bid rotation**
- ❖ **Bid rigging**
- ❖ **Leaking of bid information and technical specifications**

Abuse



- ❖ **Theft of equipment and supplies purchased for an ADB-related activity**
- ❖ **Improper or personal use of ADB-purchased equipment and supplies**

Conflict of Interest



- ❖ **Family interests or nepotism**
- ❖ **Related bidding companies**
- ❖ **Consultant drafted his/her own TOR**

Obstructive Practice



- ❖ **Lying to ADB investigators**
- ❖ **Destroying, concealing, or withholding evidence**

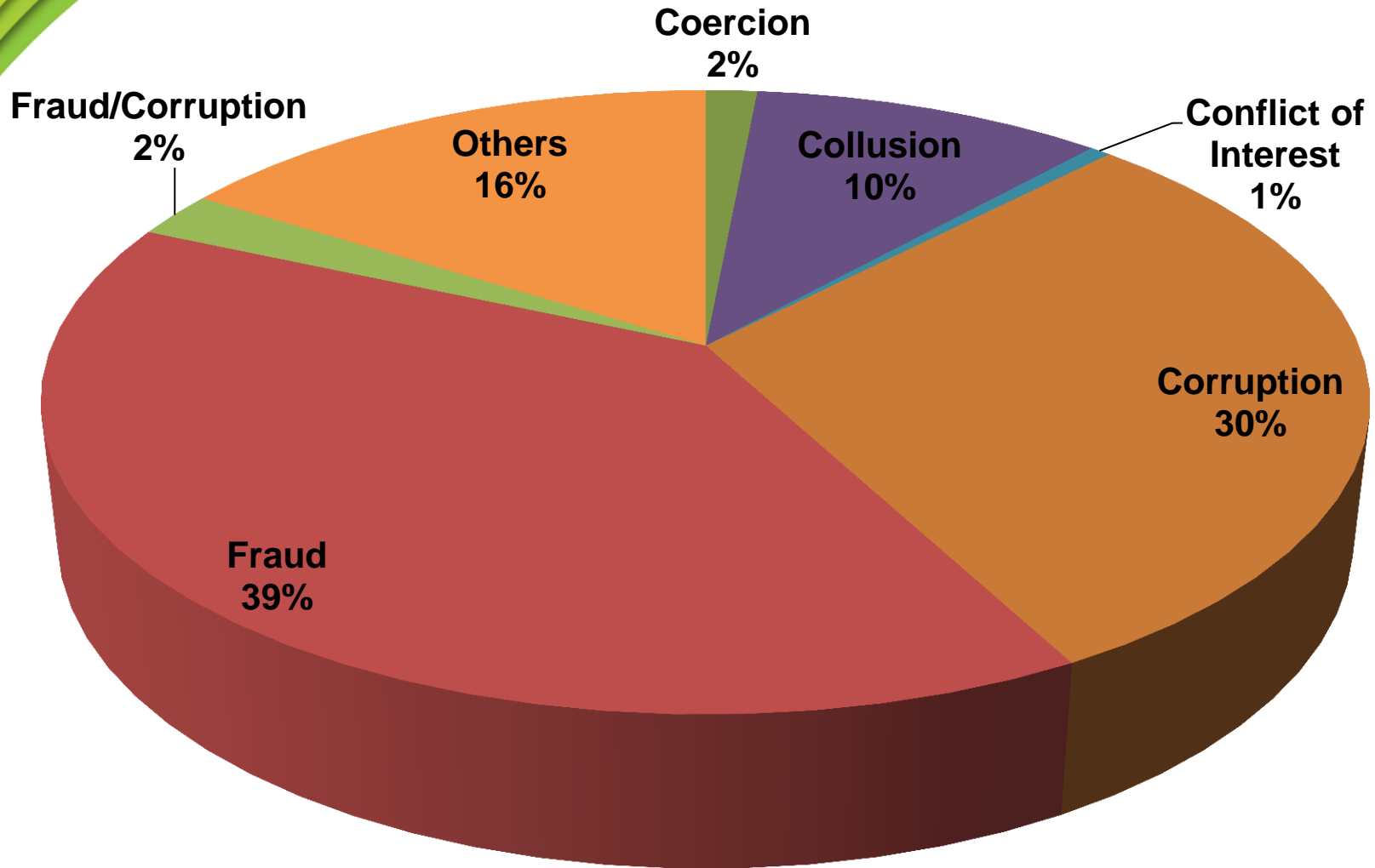
Allegations of Integrity Violations

Overall Complaints (1998-2016)	3324
Overall Investigations (1998-2016)	1616

Allegations of Integrity Violations

	Overall
Sanctioned Firms	1261
Sanctioned Individuals	787

Complaints of Integrity Violations in ADB-financed Projects (1998-2016)



Remedial Actions against Proven Integrity Violations

Temporary Suspension

❖ **Debarment**

Reprimand

❖ **Debarment with Conditional Reinstatement**

Caution

❖ **Conditional Non-Debarment**

**Restitution/
Remedy**

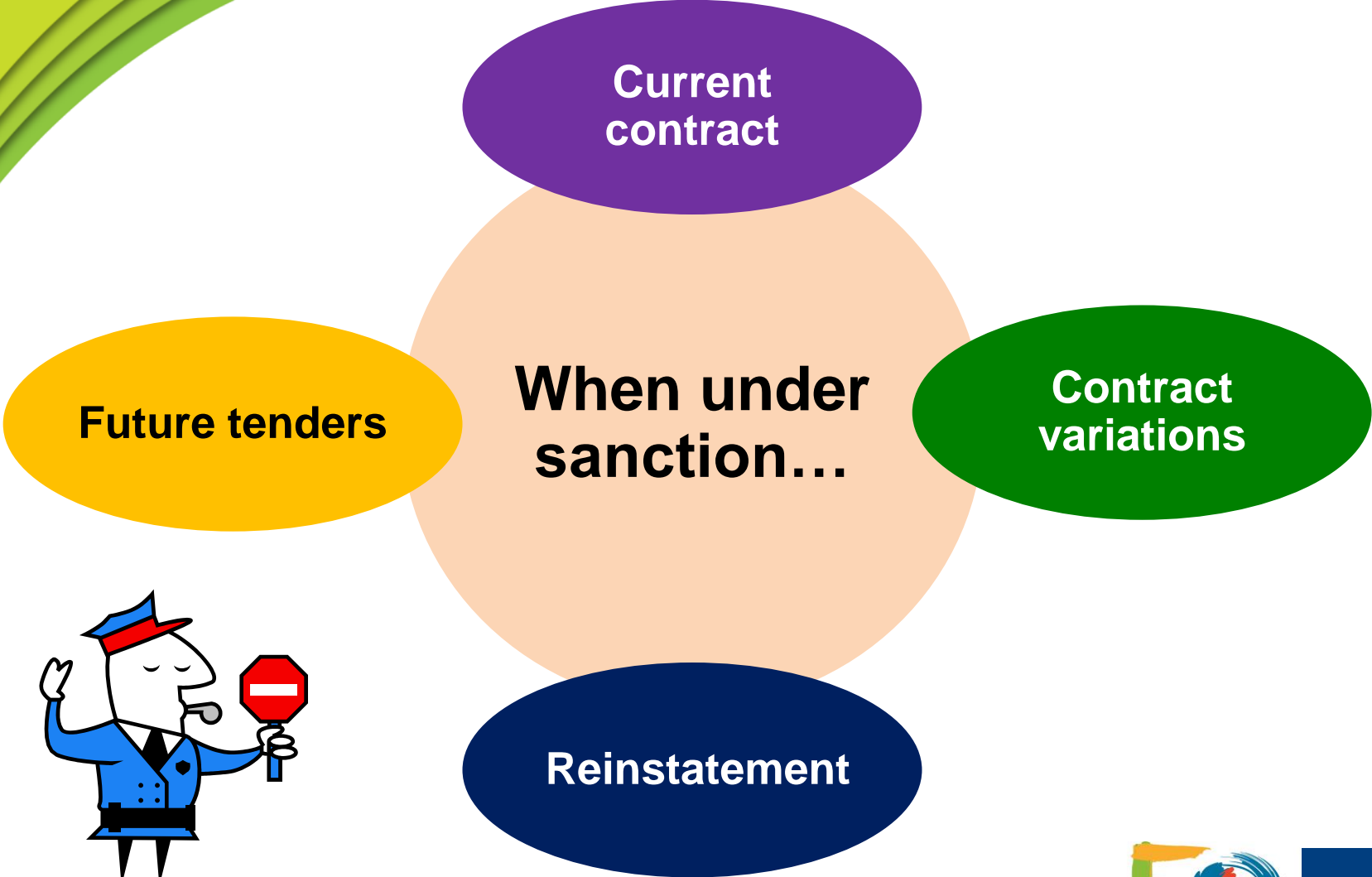
Debarment



Remedial Actions against Proven Integrity Violations



- ❖ Harm caused, project/matter in questions, or ADB's interests
- ❖ Sophistication of the integrity violation
- ❖ Level of oversight and involvement
- ❖ Significance of the role played
- ❖ If the integrity violation continues or is ceased upon knowledge of the investigation
- ❖ Degree of cooperation during investigation
- ❖ Previously or currently sanctioned
- ❖ Others



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Current contract

Future tenders

When under sanction...

Contract variations

Reinstatement
**NOT
AUTOMATIC**



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Consequences of Integrity Violations in ADB-financed Projects

- ❖ Sanctions of firms or individuals
- ❖ Suspension of the loan or grant allocations
- ❖ Termination of loan or grant allocations
- ❖ Reimburse ADB for misused loan and grant proceeds
- ❖ Changes in administrative arrangements
- ❖ Request to investigate or change government staff

ANTICORRUPTION AND INTEGRITY

Main

Overview

Report Fraud or Corruption

Advisories

Integrity Due Diligence

Investigations

Sanctions

Project Procurement-Related

Reviews

Activities

News

Articles

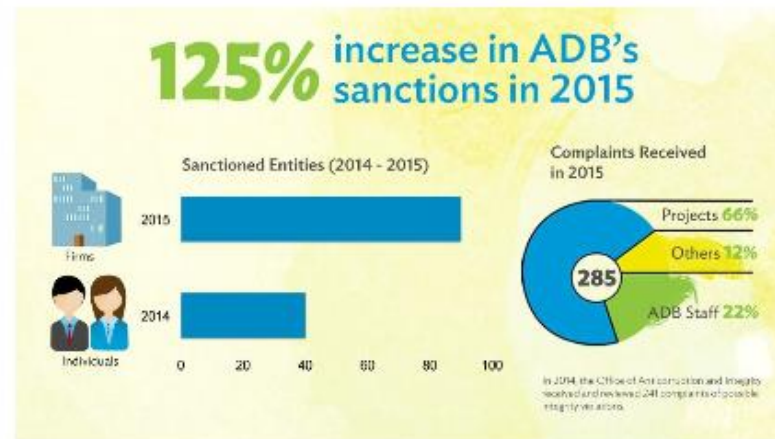
Publications

Contacts

Home > Anticorruption and Integrity >

Anticorruption and Integrity

In the Spotlight



ADB Sanctioned 90 Entities For Violations in 2015 - OAI

ADB's Office of Anticorruption and Integrity sanctioned 90 companies and individuals for integrity violations in 2015, more than double the 40 sanctioned the previous year, reflecting expanded efforts to report corrupt



Sanctions list

- Complete sanctions list of ADB [authorized users only]
Full list of entities that ADB sanctioned (includes published list)
- Published sanctions list
Sanctions violations, second and subsequent violations, debarred entities who are uncontactable, cross debarred entities
- Cross debarred entities
Firms and individuals debarred by other institutions that ADB cross debarred
- Case summaries
Synopsis of ADB cases involving debarred entities

Sanctions lists of other multilateral development banks (MDBs):

- African Development Bank
- European Bank for Reconstruction and Development
- Inter-American Development Bank
- World Bank

Anticorruption Sanctions List

The following page lists the entities sanctioned by the Asian Development Bank (ADB) and also those cross-debarred by ADB from other Multilateral Development Banks (MDBs). These entities are not eligible to participate in ADB-financed, -administered,

Accessible to the general public

Published List *(No Login Required)*

What you will see in the list:

- Sanctions violation while ineligible
- Second and subsequent violations
- Debarred entities who are uncontactable
- Cross debarred entities
- Subset of the complete list

Complete List *(For authorized users only*)*

What you will see in the list:

- Published List
- First violations

This is a secure application operated by ADB for its official business. Only those given access to the application can access the list. ADB's required integrity due diligence (IDD) check, including the UN and OFAC sanctions lists, can also be accessed here.

Password-protected and accessible to

- ADB Staff
- Board of Directors
- Other parties with a “need to know”:
International organizations, bilateral and
Government partners

user who needs access to the complete

Anticorruption Sanctions List

The following page lists the entities sanctioned by the Asian Development Bank (ADB) and also those cross-debarred by ADB from other Multilateral Development Banks (MDBs). These entities are not eligible to participate in ADB-financed, -administered,

Accessible to the general public

Published List (No Login Required)

What you will see in the list:

- Sanctions violation while ineligible
- Second and subsequent violations
- Debarred entities who are in contactable
- Cross-debarred entities
- Subset of the complete list

Complete List (For authorized users only*)

What you will see in the list:

- Published List
- First violations

This is a secure application operated by ADB for its official business. Only those who are authorized to give access to the application can access the list. ADB's required integrity due diligence (IDD) check, including the UN and OFAC sanctions lists, can also be accessed here.

- VI
- Password-protected and accessible to
- ADB Staff
 - Board of Directors
 - Other parties with a “need to know”:
International organizations, bilateral and
Government partners

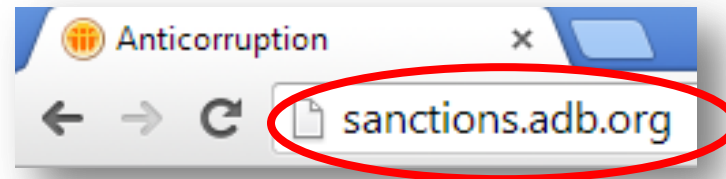
user who needs access to the complete

EAs/IAs Access to ADB's Sanctions List

Total EAs/IAs with Access	169
----------------------------------	------------

Access to ADB's Sanctions List

Step 1: Go to
sanctions.adb.org



Access to ADB's Sanctions List

Anticorruption Sanctions List

The following page lists the entities sanctioned by the Asian Development Bank (ADB) and also those cross-debarred by ADB from other Multilateral Development Banks (MDBs). These entities are not eligible to participate in ADB-financed, -administered, or -supported activities for violating the specified Anticorruption Policy.

Published List *(No Login Required)*

What you will see in the list:

- Sanctions violation while ineligible
- Second and subsequent violations
- Debarred entities who are uncontactable
- Cross debarred entities
- Subset of the complete list

[VIEW PUBLISHED LIST](#)

Complete List *(For authorized users only*)*

What you will see in the list:

- Published List
- First violations

This is a secure application operated by ADB for its official business. Only those given access to the application can access the list. ADB's required integrity due diligence (IDD) check, including the UN and OFAC sanctions lists, can also be accessed here.

Are you a registered user?

[LOGIN](#)

Are you a qualified (non-ADB staff) user who needs access to the complete sanctions list?

[SIGN-UP](#)

Step 2: Click on SIGN-UP

What is fraud and corruption?

Summary

- ❖ ADB's Anticorruption Policy
- ❖ Role and responsibilities of OAI
- ❖ Integrity Violations and their consequences
- ❖ Complaints, investigations, and sanctions
- ❖ Accessing ADB's Sanctions List



1. Why are we here?

2. What is fraud and corruption?

3. Where is there fraud and corruption?

Identification of Projects



**Project
Preparation
and
Processing**

**The
Project
Cycle**

Loan Approval



**Project
Implementation**

**Supervision,
Monitoring &
Reporting**



**Completion and
Evaluation**

Procurement and Implementation

1. **Procurement Plan** prepared by the EA/IA
2. **Bidding Documents** prepared by the EA/IA
3. **Bids/Proposals** submitted by contractors/suppliers/consultants
4. **Bid Evaluation** conducted by the EA/IA
5. **Contract negotiation, execution, and supervision**

1. Procurement Plan (red flags)

- ❖ Split-Packaging – limiting competition
 - ❖ Shopping vs. NCB vs. ICB
 - ❖ Favoring known bidders
 - ❖ Favoring **all** bidders
- ❖ Large, all-in-one contracts (e.g. school building + lab equipment + textbooks + training + etc.) – favoring “traders”
- ❖ Unnecessarily sophisticated requirements, e.g. new tech

2. Bidding Documents (red flags)

Section 3. Eligibility and Qualification Criteria *set by EA/IA*

- ❖ Construction Experience
- ❖ Financial Situation

Section 6. Employer's Requirements *set by EA/IA*

- ❖ Specifications - *proprietary*
- ❖ Drawings - *proprietary*
- ❖ Personnel and Equipment requirements
- ❖ Restrictive local service requirements

2. Bidding Documents prepared by EA

Integrity Violations

- ❖ Corrupt Practice (bribe, kickback)
- ❖ Collusive Practice (arrangement between EA and bidder/s, between bidders)
- ❖ Conflict of Interest (between EA and bidder/s, between bidders)

3. Bids/Proposals from Bidders (red flags)

Section 3. Eligibility and Qualification Criteria

2. Qualification

2.1 Eligibility

2.2 Pending Litigation (against financial statements)

2.3 Financial Situation

2.4 Construction Experience (“difficult to verify” locations)

3. Bids/Proposals

Section 3. Eligibility and Qualification Criteria

3.1 Eligibility

3.1.1 Nationality (ITB Sub-clause 4.2)

3.1.2 Conflict of Interest (ITB Sub-clause 4.3)

3.1.3 ADB Eligibility (ITB Sub-clause 4.4)

3.1.4 Government-owned Entity (ITB Sub-c.
4.5)

3.1.5 UN Sanctions (ITB Sub-clause 4.7)

3. Bids/Proposals

2.1.3 ADB Eligibility (ITB Sub-clause 4.4)



ADB ASIAN DEVELOPMENT BANK

Log In

Anticorruption and Integrity

Home

Sanctions List

Published List

Complete List *

Resources

[ADB Anticorruption Homepage](#)

[Anticorruption FAQs](#)

[Procurement Guidelines](#)

[Consultant Guidelines](#)

[Integrity Principles and Guidelines](#)

Other Sanctions Lists

[AfDB Sanctions List](#)

[EBRD Sanctions List](#)

[IADB Sanctions List](#)

Published List

This is ADB's published sanctions list. It contains the names of entities who violated the sanctions while ineligible; entities who committed second and subsequent violations; debarred entities who are uncontactable; and cross debarred entities.

Search:

GO

TIP: Use the * for better search results. Type *example* to list all entities containing the text 'example' anywhere in the line.

View by:

Name

Latest Update

Cross Debarment Effectivity

Quality

Cross-debarred Entities

Sanctions

Filter by:

All

A

B

C

D

E

F

G

H

I

J

K

L

M

N

O

P

Q

R

S

T

V

W

X

Y

Z

Name	Address	Sanction Type	Country	Effect Date Lapse Date	Grounds
1947 S.A.		Debarred	Non ADB Member Country	30/Jan/2016 28/Dec/2019	Cross Debarment: IADB
3632491 CANADA INC.	3632 AVENUE SW, J7V 5K8, PINCOURT QC Canada	Debarred	Canada	8/May/2013 17/Apr/2023	Cross Debarment: WB
4246241 CANADA INC.	2800 PARK PLACE, 666 BURRARD STREET, V6C 2Z7, VANCOUVER, BC Canada	Debarred	Canada	8/May/2013 17/Apr/2023	Cross Debarment: WB
4470184 CANADA INC	1075 WEST GEORGIA STREET, V6E 3C9, VANCOUVER, BC Canada	Debarred	Canada	8/May/2013 17/Apr/2023	Cross Debarment: WB

Check the COMPLETE SANCTIONS LIST

3. Bids/Proposals (red flags)

2.2 Pending Litigation

2.2 Pending Litigation

Criteria	Compliance Requirements			Documents	
Requirement	Single Entity	Joint Venture			Submission Requirements
		All Partners Combined	Each Partner	One Partner	

2.2.1 Pending Litigation

All pending litigation shall be treated as resolved against the Bidder and so shall in total not represent more than [<i>Insert figure. The percentage should normally be within the range of 50% to 100% of an Bidders net worth,]</i> percent of the Bidder's net worth.	must meet requirement by itself or as partner to past or existing JV	not applicable	must meet requirement by itself or as partner to past or existing JV	not applicable	Form LIT - 1
--	--	----------------	--	----------------	--------------

3. Bids/Proposals (red flags)

2.4 Construction Experience

2.4.1 Contracts of Similar Size and Nature

Criteria	Compliance Requirements			Documents	
Requirement	Single Entity	Joint Venture			Submission Requirements
		All Partners Combined	Each Partner	One Partner	
Participation in at least one contract within the last ¹ years that has been successfully or substantially completed and that is similar to the proposed works, where the value of the Bidder's participation exceeds US\$ ² The similarity of the Bidder's participation shall be based on the physical size, nature of works, complexity, methods, technology or other characteristics as described in Section 6, Employer's Requirements.	must meet requirement	must meet requirement	not applicable ³	must meet requirement	Form EXP - 1(a)

3. Bids/Proposals (red flags)

2.4.2 Construction Experience in Key Activities

Criteria	Compliance Requirements			Documents	
Requirement	Single Entity	Joint Venture		Submission Requirements	
		All Partners Combined	Each Partner		One Partner
For the above or other contracts executed during the period stipulated in 2.4.1 above, a minimum construction experience in the following key activities:	must meet requirement	must meet requirement ²	not applicable	not applicable	Form EXP - 1(b)
*					
*					

3. Bids/Proposals (red flags)

2.3 Financial Situation

2.3.1 Historical Financial Performance

2.3.1 Historical Financial Performance

Submission of audited financial statements or, if not required by the law of the Bidder's country, other financial statements acceptable to the Employer, for the last ¹ years to demonstrate the current soundness of the Bidder's financial position. As a minimum, the Bidder's net worth for the last year calculated as the difference between total assets and total liabilities should be positive.	must meet requirement	not applicable	must meet requirement	not applicable	Form FIN - 1 with attachments
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3. Bids/Proposals (red flags)

2.3.2 Average Annual Construction Turnover

2.3.2 Average Annual Construction Turnover

Criteria	Compliance Requirements			Documents	
Requirement	Single Entity	Joint Venture		Submission Requirements	
		All Partners Combined	Each Partner		One Partner
Minimum average annual construction turnover of US\$ ¹ calculated as total certified payments received for contracts in progress or completed, within the last ² years.	must meet requirement	must meet requirement	must meet 3 of the requirement	must meet 4 of the requirement	Form FIN - 2

3. Bids/Proposals (red flags)

Financial Situation Forms

2.3.2 Average Annual Construction Turnover						
Criteria	Compliance Requirements				Documents	
	Single Entity	Joint Venture		One Partner	Submission	
Requirement						

2.3.1 Historical Financial Performance						
Criteria	Compliance Requirements				Documents	
	Single Entity	Joint Venture		One Partner	Submission	
Minimum average annual construction turnover of US\$ calculated as total certified contracts received for contracts in progress completed, within the last years.	must meet requirement	not applicable	must meet requirement	not applicable	Form FIN - 1 with attachments	

Criteria	Compliance Requirements				Documents	
	Single Entity	Joint Venture		One Partner	Submission	
Requirement	Single Entity	All Partners Combined	Each Partner	One Partner	Submission Requirements	
Submission of audited financial statements or, if not required by the law of the Bidder's country, other financial statements acceptable to the Employer, for the last ¹ years to demonstrate the current soundness of the Bidder's financial position. In the minimum, the Bidder's net worth for the last year calculated as the difference between total assets and total liabilities should be positive.	must meet requirement	must meet requirement	not applicable ³	must meet requirement	Form EXP - 1(a)	
Participation in at least one contract within the last ¹ years that has been successfully or substantially completed and that is similar to the proposed works, where the value of the Bidder's participation exceeds US\$ ² The similarity of the Bidder's participation shall be based on the physical size, nature of works, complexity, methods, technology or other characteristics as described in Section 6, Employer's Requirements.	must meet requirement	must meet requirement	not applicable ³	must meet requirement	Form EXP - 1(a)	

3. Bids/Proposals (red flags)

2.3.3 Financial Resources

2.3.3 Financial Resources

Criteria	Compliance Requirements			Documents	
Requirement	Single Entity	Joint Venture			Submission Requirements
		All Partners Combined	Each Partner	One Partner	
Using Forms FIN – 3 and FIN - 4 in Section 4 (Bidding Forms), the Bidder must demonstrate access to, or availability of, liquid assets ^a , lines of credit, or other financial resources (other than any contractual advance payments) to meet the Bidder's financial resources requirement indicated in Form FIN-4.	must meet requirement	must meet requirement	must meet 1 of the requirement	must meet 2 of the requirement	Form FIN – 3 and Form FIN – 4

3. Bids/Proposals

Verify **Construction Experience** against the bid qualification requirements by:

- ❖ Reviewing bidders' website
- ❖ Contacting previous employers to verify past contracts amounts, scope of work, contract duration and performance
- ❖ Request work completion certificates
- ❖ Google past contracts to verify employers
- ❖ Google Earth to check completed infrastructure

3. Bids/Proposals from Bidders (red flags)

2. Qualification Criteria

2.1 Eligibility

2.1.2 Conflict of Interest

2.1.3 ADB Eligibility

2.1.4 Government Owned Entity

2.2 Pending Litigation

3. Bids/Proposals

2.3 Financial Situation

2.3.1 Historical Financial Performance

2.3.2 Average Annual Construction Turnover

2.3.3 Financial Resources

2.4 Construction Experience

2.4.1 Contracts of Similar Size and Nature

2.4.2 Construction Experience in Key Activities

Lessons Learned

- ❖ EA's due diligence during bid evaluation lead to discovery of false nature of submitted work certificates
- ❖ Do not take denials from fraudsters at face value.
- ❖ Fraudsters, when pressed by undeniable evidence, will admit and accept responsibility.

3. Bids/Proposals (red flags)

Bidding Forms

Bid Security

Bank Guarantee

..... *Bank's Name, and Address of Issuing Branch or Office*

Beneficiary: *Name and Address*

Date:.....

Bid Security:.....

We have been informed that *name of the Bidder* (hereinafter called "the Bidder") has submitted to you its bid dated (hereinafter called "the Bid") for the execution of *name of contract* under Invitation for Bids No. ("the IFB").

Furthermore, we understand that, according to your conditions, bids must be supported by a bid guarantee.

Verify with Issuing Bank

3. Bids/Proposals (red flags)

Bidding Forms

Bill of Quantities

Objectives

The objectives of the Bill of Quantities are

- (a) to provide sufficient information on the quantities to be prepared efficiently and accurately; and
- (b) when a contract has been awarded, to be used for use in the periodic valuation of Work.

In order to ensure that the quantities are estimated in the Bill of Quantities in sufficient detail to deal with variations, or between Works of the same nature carried out in different circumstances that may give rise to different considerations of cost. Considerations of cost. The layout and content of the Bill of Quantities should be as simple and brief as possible.

Content

The Bill of Quantities should be divided generally into the following sections:

Compare with other bidders BOQ and bidding documents for similarities (including errors!)

3. Bids/Proposals (red flags)

Bidding Forms (@evaluation or contract negotiation stage)

Technical Proposal

Technical Proposal – Personnel

Form PER – 1: Proposed Personnel

Bidder shall provide the details of the proposed personnel and their qualifications in the relevant Information Forms below for each candidate:

1.	Title of position*
	Name

2.	Title of position	
	Name	
Present employment	Position	
	Name	Date of birth
	Professional qualifications	
	Name of employer	
	Address of employer	
	Telephone	Contact (manager / personnel officer)

Verify availability of personnel

3. Bids/Proposals (red flags)

Bidding Forms (@evaluation or contract negotiation stage)

Technical Proposal – Equipment

Form EQU: Equipment

The Bidder shall provide adequate information and details to demonstrate that it has the capability to meet the equipment requirements indicated in Section 6 (Employment Requirements), using the Forms below. A separate Form shall be prepared for each item of equipment, or for alternative equipment proposed by the Bidder.

Item of Equipment	
Equipment Information	Name of manufacturer
	Model and power rating
Current Status	Year of manufacture
	Current location

Verify availability of equipment

3. Bids/Proposals (red flags)

Bidding Forms

Bidder's Qualification

To establish its qualifications to perform the contract in accordance with the (Qualification Criteria) the Bidder shall provide the information requested in the Information Sheets included hereunder:

Form ELI - 1: Bidder's Information Sheet

Bidder's legal name	
In case of JV partners, legal address	
Bidder's country of constitution	

Verify bidder's incorporation documents, shareholders, owners and managers, authorized representative, JV partners, legal address (e.g. juicy-me@...) and country of constitution

3. Bids/Proposals (red flags)

Bidding Forms

Form LIT - 1: Pending Litigation

Each Bidder or member of a JV must fill in this form if so required under Criterion 2.2 of Section 3 (Evaluation and Qualification Criteria).

Form FIN - 2: Average Annual Construction Turnover

Each Bidder or member of a JV must fill in this form.

Form FIN - 1: Historical Financial Performance

Each Bidder or member of a JV must fill in this form.

Financial Performance [Equivalent]	
Year 1:	Year 3:

Year

Form EXP - 1(a): Construction Experience in Key Activities

Total A

Total

Contract of Similar Size and Nature

Contract Identification

Form EXP - 1(b): Construction Experience in Key Activities

Fill up one (1) form per contract.

Contract with Similar Key Activities

Contract No of	Contract Identification	
Award Date	Completion Date	
Total Contract Amount	US\$	

Thoroughly check and verify against the bid qualification requirements

3. Bids/Proposals submitted by bidders

Integrity Violations

- ❖ Corrupt Practice (bribe, kickback)
- ❖ Fraudulent Practice (misrepresentation, omission)
- ❖ Coercive Practice (threat, harm)
- ❖ Collusive Practice (between EA and bidder/s, between bidders)
- ❖ Conflict of Interest (between EA and bidder/s, between bidders)

4. Bid Evaluation (red flags)

- ❖ Membership in bid evaluation committee
- ❖ Non-transparent or subjective/inconsistent evaluation of bids/proposals
- ❖ Failure to follow procurement and consulting services guidelines
- ❖ Favoritism, cronyism
- ❖ Deliberate omission of significant information

4. Bid Evaluation (red flags)

Integrity Violations

- ❖ Corrupt Practice (bribe, kickbacks)
- ❖ Fraudulent Practice (misrepresentation, omission)
- ❖ Collusive Practice
- ❖ Conflict of Interest

Guide on
BID EVALUATION

ADB Guide on Bid Evaluation
<http://www.adb.org/documents/guide-bid-evaluation>

BID EVALUATION

Documents on Consulting Services



Guides

Technical Assistance

Loans/Loan-related Grants

Contract Administration

Publications



[Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers](#)

This publication defines the policies and procedures of ADB for selecting, contracting, and monitoring consultants required for loan and technical assistance projects financed in whole or in part by loans from ADB, grants by ADB, or funds administered by ADB.



[Guidance Note on Financial Proposal Evaluation \(for Loans/Grants\)](#)

The guidance note offers principles of the consultants' financial proposals evaluation which is to verify that the costs itemize
note give
evaluat

Documents for Consultancy Services including Guidance Note on Financial Proposal Evaluation: <http://www.adb.org/site/business-opportunities/operational-procurement/consulting/documents>

The Consulting Services Operations Manual and User's Guide for Submission Forms (Loans/Grants) are currently being revised.

Quick Reference Guides

- [Introducing the Consultant Management System](#)
- [Managing Consulting Firm Profiles in the CMS](#)
- [Responding to Requests for Proposals](#)
- [Creating Financial Proposals](#)
- [Verifying and Submitting Proposals](#)

Misrepresentations are made



To secure
contracts



To
generate
funds



To
reposition
self



What firms (and individuals) do to be technically competitive

- ❖ Misrepresent experience
- ❖ Misrepresent staffing (skills, availability)
- ❖ Strategically partner for experience needed, for appearance only
- ❖ Underbid contracts



Contract Negotiation

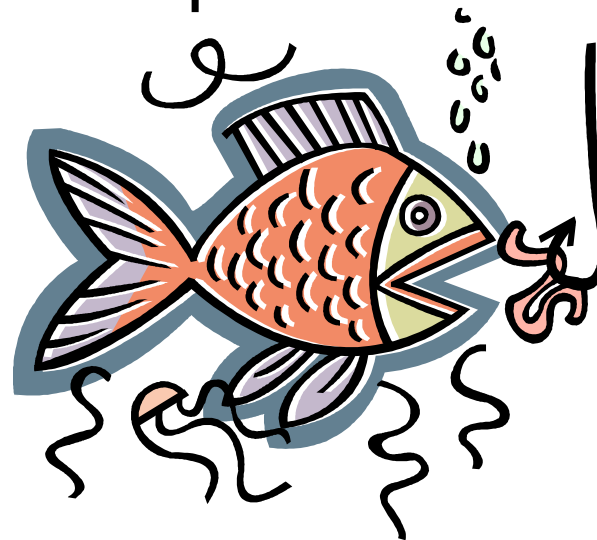
- ❖ Firm seeks to negotiate most lucrative conditions of contract, e.g., modifications, front-loaded schedule of payment
- ❖ Firm substitutes approved experts without valid reason (First instance can be “*accidental*”, more than once is suspicious)
- ❖ Firm seeks to “downgrade” certain aspects of the contract outputs or reporting requirements

Contract Execution

- ❖ Firm minimizes costs and maximizes charges
 - ❖ Personnel substitution
 - ❖ Falsified timesheets, expenses
 - ❖ Requests cost variations
 - ❖ Recycled work products from earlier contracts or projects

“Bait and Switch”

- ❖ Industry term
- ❖ Replaces promised personnel
 - ❖ Illness
 - ❖ Accepted another position
 - ❖ Other



Contract Supervision (red flags)

- ❖ Insufficient site monitoring and supervision
- ❖ Acceptance of poor quality of works, services or goods
- ❖ Issuance of irregular interim/final performance certificates
- ❖ Acceptance of unreasonable contract variations, esp. from under-bidders - contract amount, scope of works, quantities, etc.)

Contract Supervision

When in doubt

- ❖ ***Inspections***

- ❖ Visit site regularly
- ❖ Meet key contractor personnel
- ❖ Make sure contract engineer is on cue
- ❖ Before issuing Acceptance Certificate, final inspection of all sites

Contract Supervision Integrity Violations

- ❖ Corrupt Practice (bribe, kickbacks)
- ❖ Fraudulent Practice (misrepresentation, omission)
- ❖ Collusive Practice (between EA/PMO and contractor)
- ❖ Conflict of Interest (between EA/PMO and contractor)

Inspections *Post-Contract*

When in doubt, conduct *ex post* review

- ❖ 6 - 12 months after handover, during contract's *Defects Notification Period*
- ❖ Technical inspection – with qualified engineer/specialist
- ❖ Make use of contract provisions against defects and damages
- ❖ Use national sanctioning mechanisms *as well as* ADB's

Impact on the Project



Poor Quality



Increased costs



Delays



Danger to Beneficiaries

Where is there fraud and corruption?

Summary

- ❖ Preparation of procurement plans
- ❖ Preparation of bidding documents
- ❖ Submission of bids/proposals
- ❖ Evaluation of bids/proposals
- ❖ Negotiation of contracts
- ❖ During contract execution
- ❖ During contract supervision
- ❖ During post-contract inspection

Project Procurement-Related Review (PPRR)

To verify compliance

Review

Ongoing ADB-financed projects

Focused on preventing and detecting integrity violations

Assesses internal controls in place, Identifies irregularities and instances of noncompliance, Inspects project outputs, Recommends enhancements

Not an evaluation to assess development effectiveness of ADB-funded projects, Does not review project outcomes or development impact

Areas Covered by PPRRs

ADB Loan No.: _____
SIMPLIFIED CHECKLIST 1: ASSESSMENT OF THE EA/PMO

Visited Unit:

Date:

Instructions: _____
Project management capabilities and staffing adequacy of the

**EA
ASSESSMENT**

Procurement

Project Outputs

Financial Management

- Sub-unit for school upgrading
 - Program manager
 - Engineer
 - Architect
 - 2 technical assistants
 - Draughtsman
 - 2 management assistants
 - Driver
- 8 provincial PMOs
 - Provincial Project Manager
 - Secretary
 - Driver
- New Provincial PMO in Northern Province
 - Provincial project manager
 - Secretary
 - Management assistant
 - Driver
- Additional management assistants to all PMOs

ANTICORRUPTION AND INTEGRITY

- Main
- Overview
- Report Fraud or Corruption
- Advisories
- Integrity Due Diligence
- Investigations
- Sanctions

Project Procurement-Related Reviews

- PPRR Reports
- Activities
- News
- Articles
- Publications
- Contacts

Home > Anticorruption and Integrity > Project Procurement-Related Reviews >

Reports of Project Procurement-Related Reviews



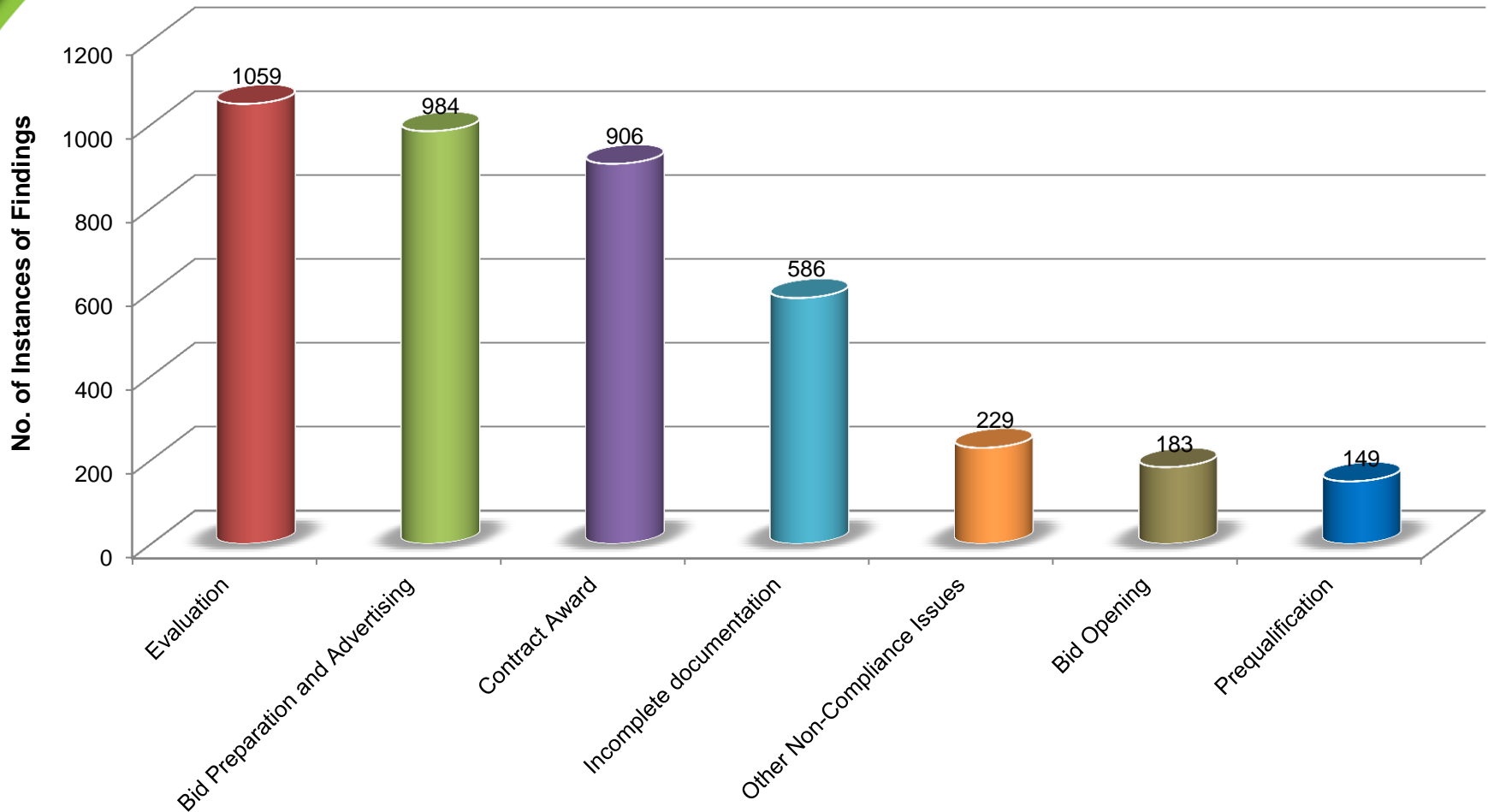
Project Procurement-Related Reviews (PPRR) reports are intended to help executing agencies, implement ADB to identify and develop preventive measures to mitigate risks of fraud and corruption, improve project enhance project implementation, and replicate lessons learned for future projects.

Executing/implementing agencies are expected to develop an action plan to implement PPRR recommendations monitored by the Office of Anticorruption and Integrity through follow-up reviews.

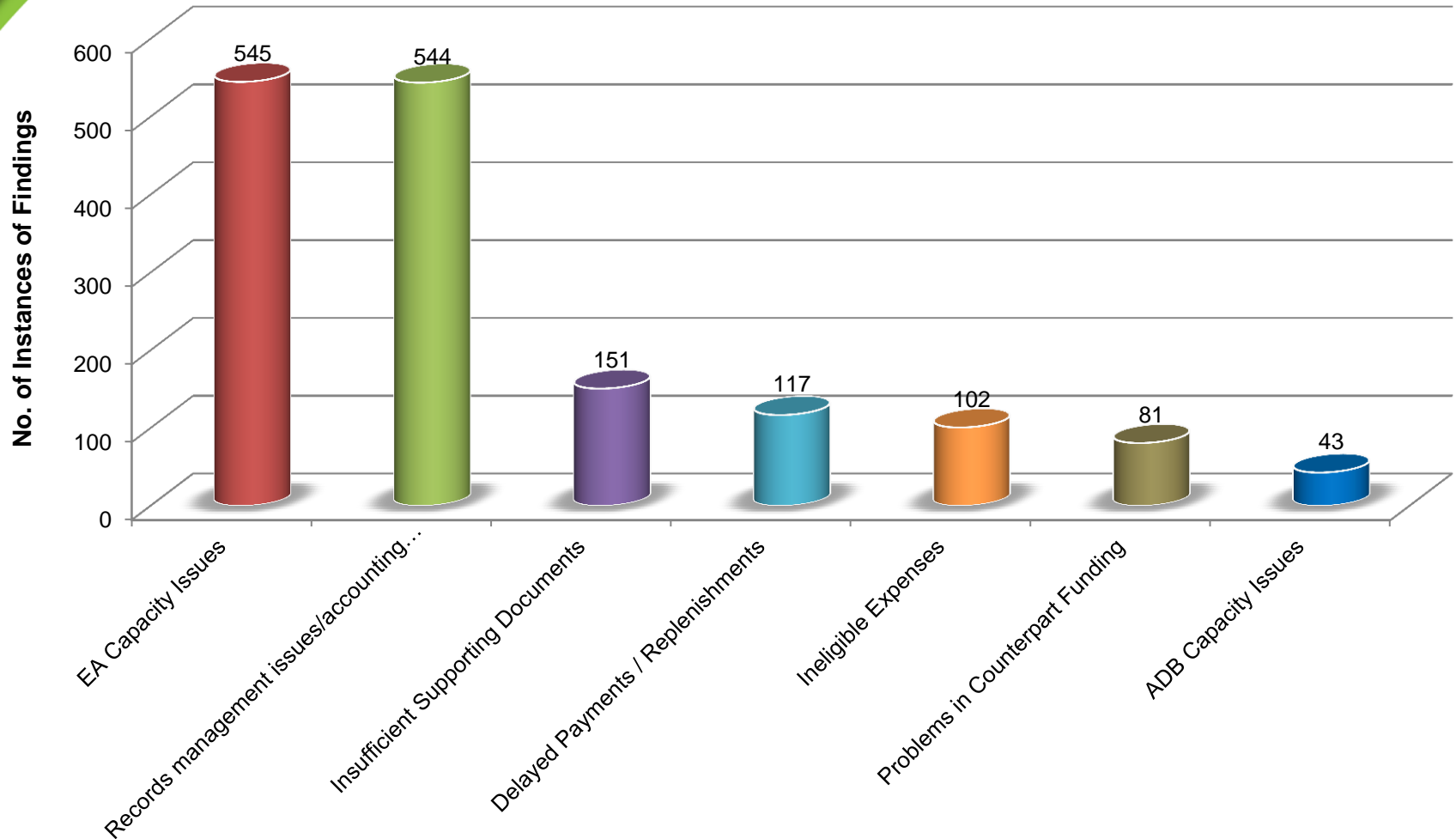
LATEST PPRR REPORTS

Title
Talimarjan Power Project: Special Review Report
Central Asia Regional Economic Cooperation Corridor 6 (Ayni-Uzbekistan Border Road) Improvement Project Procurement-Related Review
Power Transmission Enhancement Investment Program - Tranches 1 and 2: Follow-up Review Report

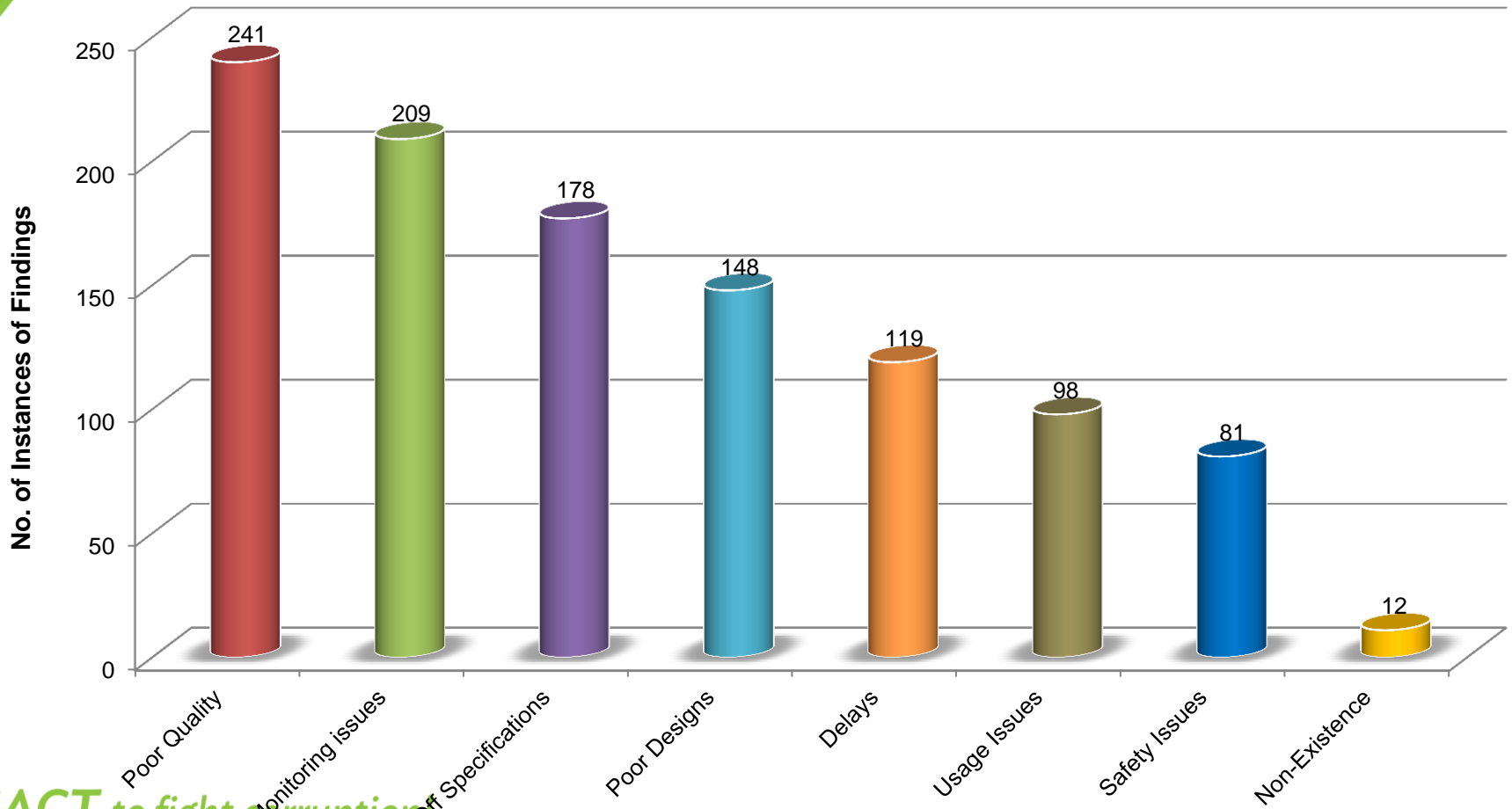
Common Procurement Irregularities & Non-Compliance



Common Financial Management Findings



Common Asset Inspection Findings



How do we detect fraud and corruption?

Summary

Project Procurement-Related Review

- ❖ Assessment of executing agency's capacity
- ❖ Review of procurement process
- ❖ Assessment of financial management and disbursements
- ❖ Inspection of project outputs and assets

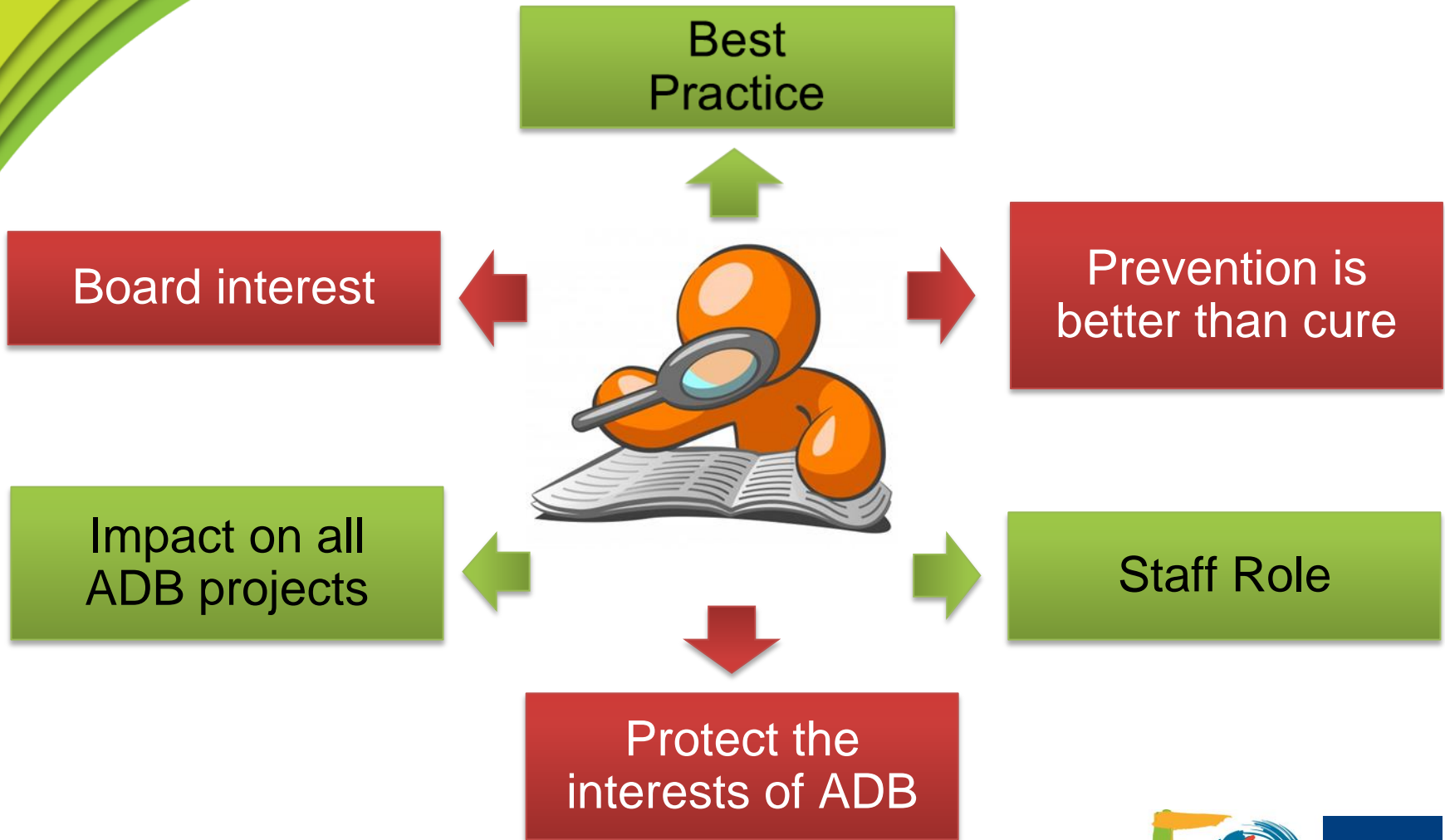
Integrity Due Diligence

iACT to fight corruption!



Due diligence is the process of systematic and comprehensive assessment and verification the accuracy of information.

Why do we conduct due diligence?



iACT to fight corruption!

When do we conduct due diligence?

- ❖ Prior to the project
- ❖ Continuously throughout the project cycle
- ❖ Any time there is a significant change or likely to be a change – such as change in contractor, ownership, etc.



Where do we get information for due diligence?

- ❖ ADB Sanctions List
- ❖ Third Party Sanctions List
- ❖ Databases
- ❖ Third Party Sources
- ❖ Self-populating Websites
- ❖ Search Engines





Recommended Web Searches for Due Diligence

Note that the list below is meant to serve only as a guide and that online sources for due diligence are not limited to this list. The inclusion of these links does not in any way imply endorsement by ADB or its affiliates. Since these links are not under the control of ADB, it shall not be responsible for the contents of these linked sites or the opinions and statements expressed therein. This also applies to any additional links that may appear within these sites.

Categories:

- General Information Sources
- Database for Due Diligence
- Deep Web Search
- Contracts Search
- Company Information
- People Search
- Accredited Academic Institutions in the US and UK
- Maps
- Terrorism and Blacklists
- Country Information
- Nongovernment Organizations
- Others

General Information Sources	
Google	www.google.com
Yahoo	www.search.yahoo.com
Ask	www.ask.com
IceRocket	www.icerocket.com
The Internet Archive	www.archive.org/web/web.php

Database for Due diligence

Who should conduct due diligence?



- ❖ Project implementation teams
- ❖ ADB staff
- ❖ OAI to advise, assist, and review
- ❖ Retainers where necessary

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Due diligence is the responsibility of each of us



Do not assume that someone else is doing it.

Anti-Money Laundering / Combating the Financing of Terrorism

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What is Money Laundering?

- ❖ Process where proceeds of crime are transformed to legitimate cash or assets
- ❖ Include other financial crimes (misuse of the financial system):
 - ❖ Financing terrorism
 - ❖ Tax evasion
 - ❖ Evading international sanctions

Why AML / CFT?

- ❖ ADB resources are used for intended purpose
- ❖ Risks of money laundering and financing terrorism are real

Financial Action Task Force (FATF)

- ❖ Focuses only on the fight against laundering of proceeds of crimes and the financing of terrorism.
- ❖ Sets AML and CTL international standards
- ❖ An intergovernmental policy-making body (1989)

Financial Action Task Force (FATF)

FATF 40 Recommendations (February 2012)

- ❖ Know your customers
- ❖ Systems of control and reporting
- ❖ Transparency and beneficial ownership
- ❖ Regulation, supervisions, enforcement
- ❖ International cooperation

High risk and Non-cooperative *Jurisdictions*

As of 21 October 2016, a *FATF's Public Statement*, identifies:

1) Jurisdictions subject to a FATF call to apply counter measures

❖ the Democratic People's Republic of Korea

2) Jurisdictions subject to a FATF call to apply enhanced due diligence measures

❖ Iran

Improving Global AML/CFT Compliance – On-Going Process

Jurisdictions which have strategic AML/CFT deficiencies:

- Afghanistan
- Bosnia and Herzegovina
- Iraq
- Lao PDR
- Syria
- Uganda
- Vanuatu
- Yemen

Jurisdictions no longer subject to FATF's compliance process:

- Guyana

ADB Policy on AML / CFT

- ❖ Promote good governance through regional and country-specific assistance programs in its developing member countries
- ❖ Assist developing member countries to establish and implement legal and institutional regimes of AML/CFT

AML/CFT Due Diligence

ADB's payments

- ❖ To contractors, suppliers, consultants, and service providers (payees)
 - ❖ Is the payment going through “high-risk and non-cooperative” jurisdictions?
 - ❖ Who is / are the ultimate beneficiary owner(s)?
 - ❖ Are we dealing with sanctioned entities?
 - ❖ Are we dealing with undesirable entities doing illegal activities?
 - ❖ Are we dealing with entities used as “fronts” of undesirables?
 - ❖ Have we addressed the ML and FT risks?

How to prevent and mitigate?

- ❖ Check ADB sanction list during the “procurement” process
- ❖ Consult with OAI when in doubt
- ❖ Require business registration papers from payees
- ❖ Check if payees’ banks are not in “high-risk and uncooperative” jurisdictions
- ❖ Ensure bank details in withdrawal applications are consistent with contract

Red Flags

- ❖ Requests for payment to an account located (a) not where the project is being implemented; or (b) not at the party's domicile/place of registration or residence.
- ❖ Requests for a change of bank account details, and the bank is located (a) not where the project is being implemented; or (b) not the party's domicile/place of registration or residence.
- ❖ Change/s in corporate structure, e.g. Greensleeves Co. Ltd. to Greensleeves Inc., and the entity bank is located (a) not where the project is being implemented; or (b) not the entity's domicile/place of registration.
- ❖ Change/s in corporate shareholding and new shareholders are companies registered offshore or individuals using bank accounts located offshore.
- ❖ A project structure involves the use of an offshore jurisdiction.

ICIJ

THE PANAMA PAPERS

Politicians, Criminals and the Rogue Industry That Hides Their Cash

Offshore Leaks Database

***For entities identified
in the Panama Papers
– Report to OAI
for review and advice!***

Search by country

People, companies and addresses connected to offshore entities

Offshore companies and trusts

All countries ▼

SEARCH

To search, enter a term in the box. Leave it blank and select a country or jurisdiction to see a full list of names.

Link: https://offshoreleaks.icij.org/#_ga=1.157346298.1183259512.1463473870

Global Forum on Transparency and Exchange of Information for Tax Purposes

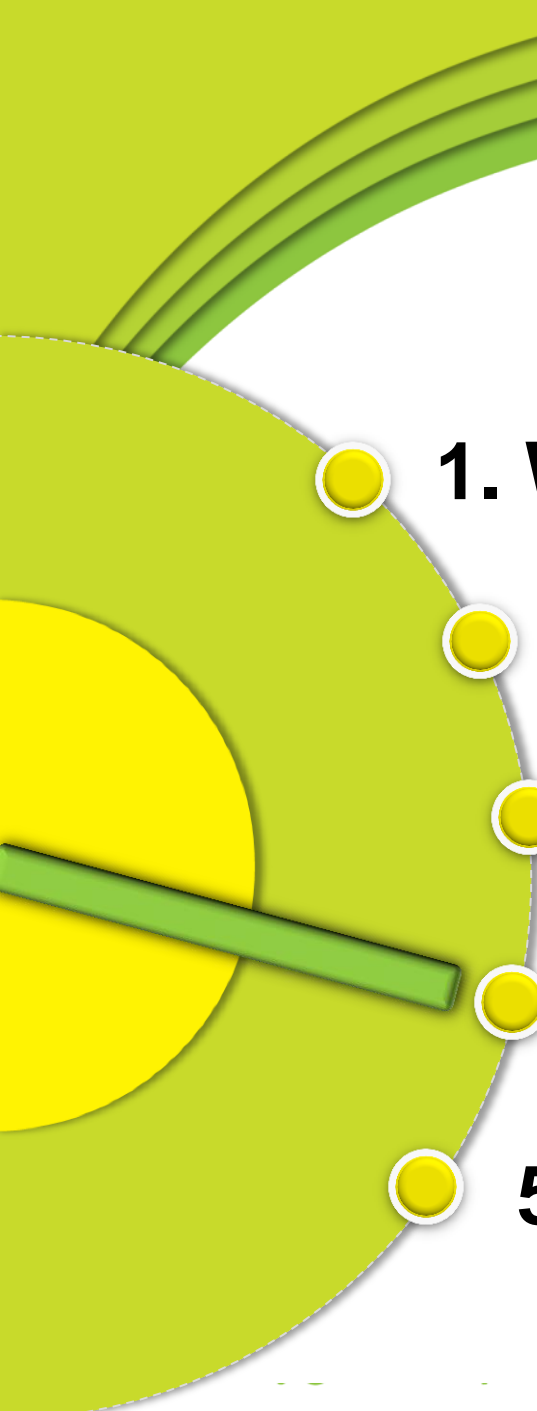
Risks are heightened when the offshore jurisdiction is in any of the following countries:

1. Not allowed to move to Phase 2 (Advanced review of tax transparency structures)

- Micronesia**
- Guatemala
- Kazakhstan**
- Lebanon
- Liberia
- Nauru**
- Trinidad and Tobago
- Vanuatu**

2. Partially compliant jurisdictions (Undergone Phase 1 and 2 reviews)

- Andorra
- Anguilla
- Antigua and Barbuda
- Barbados
- Costa Rica
- Curacao
- Indonesia**
- Israel
- Saint Lucia
- Samoa**
- Sint Maarten
- Turkey**

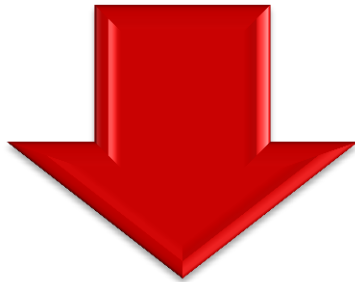
- 
- 1. Why are we here?**
 - 2. What is fraud and corruption?**
 - 3. Where is there fraud and corruption?**
 - 4. How do we detect fraud and corruption?**
 - 5. How you can ACT?**

How you should act...

- ❖ **Comply with ADB's Anticorruption Policy**
- ❖ **Report allegations of integrity violations to OAI**



DO: Report in good faith.



DON'T: Report false or misleading information

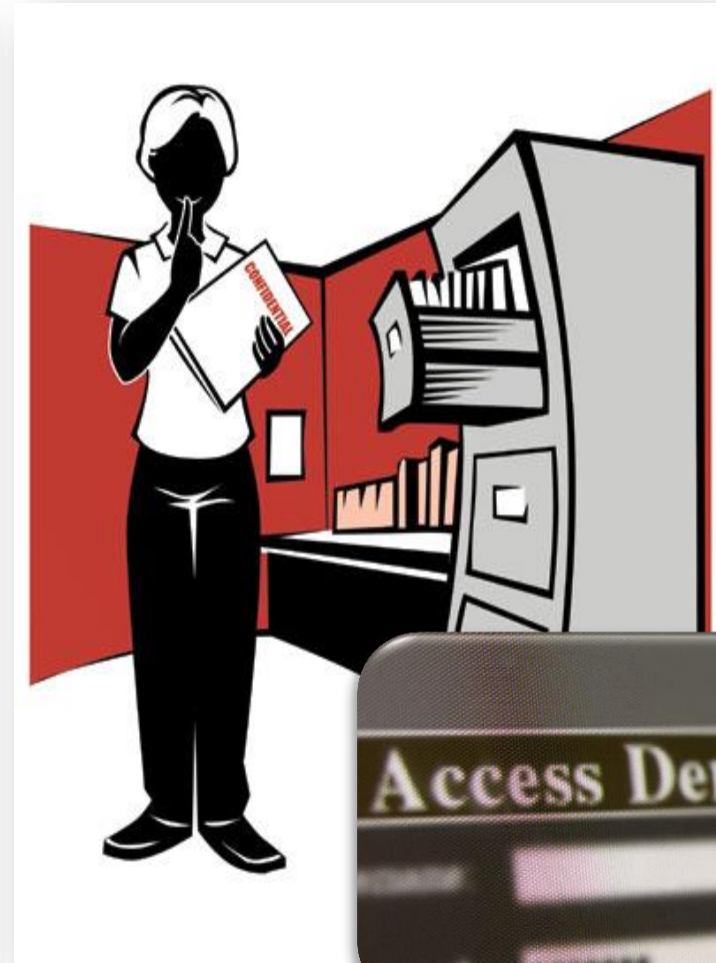
<http://www.adb.org/site/integrity/how-to-report-fraud>

ELEMENTS TO REPORT

- WHO?
- WHAT?
- WHEN?
- WHERE?
- WHY?
- HOW?



Confidentiality



Whistleblower and Witness Protection

- ❖ A complainant or person reporting allegations of fraud and corruption or misconduct is referred to as a whistleblower.
- ❖ OAI will make its best effort to encourage and protect whistleblowers and witnesses



Help keep the funds channeled as intended



Corruption and fraud prevention can...

Strengthen economic development



Contribute to poverty reduction

Increase beneficiaries satisfaction



Decrease implementation delays



Result in improved project effectiveness



Result in improved project efficiency



Save money



Save time



iACT to fight corruption!



Summary

- ❖ **Increase understanding and compliance** with ADB's Anticorruption Policy
- ❖ **Raise awareness** of potential irregularities in procurement and contract implementation
- ❖ **Improve skills** in detecting and preventing integrity irregularities



If you have any questions,
contact:

OFFICE OF ANTICORRUPTION AND INTEGRITY

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Fax: +63-2-636 2152